

# Important Information for Non-Resident Higher-Income Pensioners

September 1999

## Old Age Security (OAS) Recovery Tax

**HIGHER-INCOME OAS PENSIONERS WHO ARE NON-RESIDENTS OF CANADA FOR TAX PURPOSES MUST PAY THE OAS RECOVERY TAX IF THEY LIVE IN A COUNTRY WHERE THE NON-RESIDENT TAX RATE IS 25% OF THEIR ANNUAL NET WORLD INCOME IS MORE THAN CAN \$53,215.**

From 1989, higher-income Old Age Security pensioners who live in Canada have to repay part or all of their OAS benefit.

Beginning in 1996, higher-income, non-resident pensioners are also subject to the OAS Recovery Tax.

### How does the OAS Recovery and Non-Resident Taxes affect me?

If your net world income of the previous year was more than CAN \$53,215, then you must pay OAS Recovery Tax on the portion of your income that is above \$53,215.

The total OAS Recovery Tax you pay in a year will equal 11.25% of the amount by which your net world income for that year (including OAS) exceeds CAN \$53,215.

In addition, non-residents who receive OAS benefits are subject to pay the OAS Recovery Tax on the amounts deducted from their OAS payments.

Information on the Non-Resident Tax is available on a separate form entitled *Non-Resident Tax on Canadian Pensions* (ISPB 226).

- The total of Non-Resident Tax and OAS Recovery Tax that you pay cannot be more than the total amount of OAS benefits you receive. For the monthly deduction amount that applies to you, please see the table on the back of this page.

### How is my Recovery Tax Calculated?

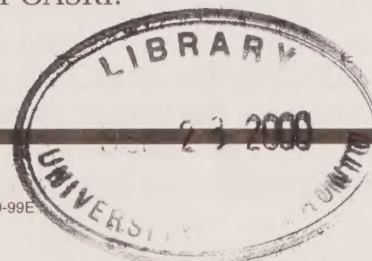
- In January, we send you an information slip that shows the amount of OAS paid to you in the previous year and the amounts deducted for both the Non-Resident and OAS Recovery Taxes.
- Also in January, Revenue Canada sends you an *OAS Return of Income* (OASRI) form. You have to include on the OASRI the amounts shown on your tax information slip. You must send the OASRI to Revenue Canada by April 30 of each year.
- Your OAS Recovery Tax deductions during the year are *estimated* based on your previous year's income. When you file the OASRI, Revenue Canada recalculates the OAS Recovery Tax amount due based on your *actual* income for the year.
- Deductions made during the year should be close to the total amount of Recovery Tax due, unless your income changes significantly from year to year. In any case, Revenue Canada will adjust the amount owing when they assess your OASRI.

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Ministère des  
Affaires humaines Canada

ISPB-216-09-99E



Canada







# Important Information for Non-Resident Higher-Income Pensioners

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## The Old Age Security (OAS) Recovery Tax

**HIGHER-INCOME OAS PENSIONERS WHO ARE NON-RESIDENTS OF CANADA FOR TAX PURPOSES MUST PAY THE OAS RECOVERY TAX IF THEY LIVE IN A COUNTRY WHERE THE NON-RESIDENT TAX RATE IS 25% AND IF THEIR ANNUAL NET WORLD INCOME IS MORE THAN CAN \$53,215.**

- Since 1989, higher-income Old Age Security (OAS) pensioners who live in Canada have had to repay part or all of their OAS benefit.
- Beginning in 1996, higher-income, non-resident pensioners are also subject to the OAS Recovery Tax.

### How do the OAS Recovery and Non-Resident Taxes affect me?

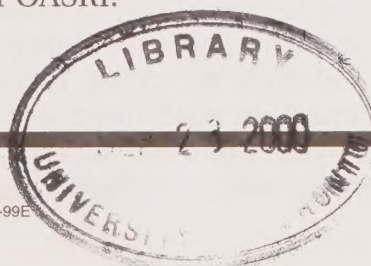
- If your net world income of the previous year is more than CAN \$53,215, then you must pay OAS Recovery Tax on the portion of your income that is above this limit.
- The actual OAS Recovery Tax you pay in any year will equal 11.25% of the amount by which your net world income for that year (including OAS) exceeds CAN \$53,215.
- In addition, non-residents who receive Canadian pensions are subject to pay the Non-Resident Tax. This tax is deducted at source from your monthly payments.

Information on the Non-Resident Tax is available on a separate form entitled *Non-Resident Tax on Canadian Pensions* (ISPB 226).

- The total of Non-Resident Tax and OAS Recovery Tax that you pay cannot be more than the total amount of OAS benefits you receive. For the monthly deduction amount that applies to you, please see the table on the back of this page.

### How is my Recovery Tax Calculated?

- In January, we send you an information slip that shows the amount of OAS paid to you in the previous year and the amounts deducted for both the Non-Resident and OAS Recovery Taxes.
- Also in January, Revenue Canada sends you an *OAS Return of Income* (OASRI) form. You have to include on the OASRI the amounts shown on your tax information slip. You must send the OASRI to Revenue Canada by April 30 of each year.
- Your OAS Recovery Tax deductions during the year are *estimated* based on your previous year's income. When you file the OASRI, Revenue Canada recalculates the OAS Recovery Tax amount due based on your *actual* income for the year.
- Deductions made during the year should be close to the total amount of Recovery Tax due, unless your income changes significantly from year to year. In any case, Revenue Canada will adjust the amount owing when they assess your OASRI.





- The monthly deduction continues to be based on your previous year's income tax return until June. A new deduction begins in July after the assessment of your next year's OASRI is completed by Revenue Canada.
- If Revenue Canada does not receive your *Old Age Security Return of Income*, you will not receive OAS payments after July. To make sure that your OAS pension is not interrupted, Revenue Canada should receive your OASRI by April 30.

### What happens if my deductions are causing financial hardship?

- In this case, you may apply to Revenue Canada for relief. Contact the International Tax Services Office for information (see *Additional Information* below). Revenue Canada will review your situation and determine if your deduction should be changed.

### Additional information


- If you have any questions about your OAS benefit, please write to Human Resources Development Canada, Income Security Programs, Ottawa, Ontario K1A 0L1. You may also dial toll-free **1 800 277-9914** for service in English, **1 800 277-9915** for service in French, or **1 800 255-4786** (TTY for the hearing impaired), if calling from Canada or the United States. If you are in another country, please call **(613) 990-2244**. Internet address at **[www.hrdc-drhc.gc.ca/isp](http://www.hrdc-drhc.gc.ca/isp)** You may also contact your Canadian embassy or consulate.
- Our lines are busiest at the beginning and end of each month. If your business can wait, it's best to call at other times.
- If you have any questions related to tax issues, you may write to Revenue Canada, International Tax Services Office, Ottawa ON K1A 1A8, or send a fax to **(613) 941-2505**. You may also call **(613) 952-3741**. If you are calling from Canada or the United States, you can call toll-free **1 800 267-5177**. Copies of many Canadian tax forms and

publications are available from your Canadian embassy or consulate. You may get the publications on Internet at the following address: **[www.rc.gc.ca](http://www.rc.gc.ca)**

### OAS Recovery Tax Monthly Deduction Table

If your 1998 net world income was	Your monthly deduction is
CAN \$53,215	CAN \$0
54,000	7
55,200	19
56,400	30
57,600	41
58,800	52
60,000	64
61,200	75
62,400	86
63,600	97
64,800	109
66,000	120
67,200	131
68,400	142
69,600	154
70,800	165
72,000	176
73,200	187
74,400	199
75,600	210
76,800	221
78,000	232
79,200	244
80,400	255
81,600	266
82,800	277
84,000	289
85,215	300
more than	\$309
\$86,175 in 1998	(maximum 1999 OAS benefit after 25% NR Tax is applied)





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